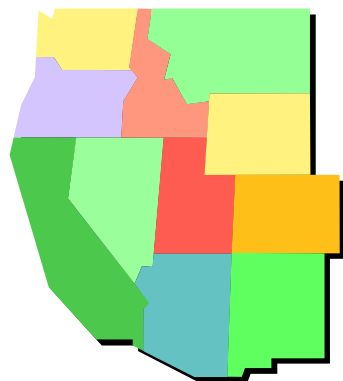


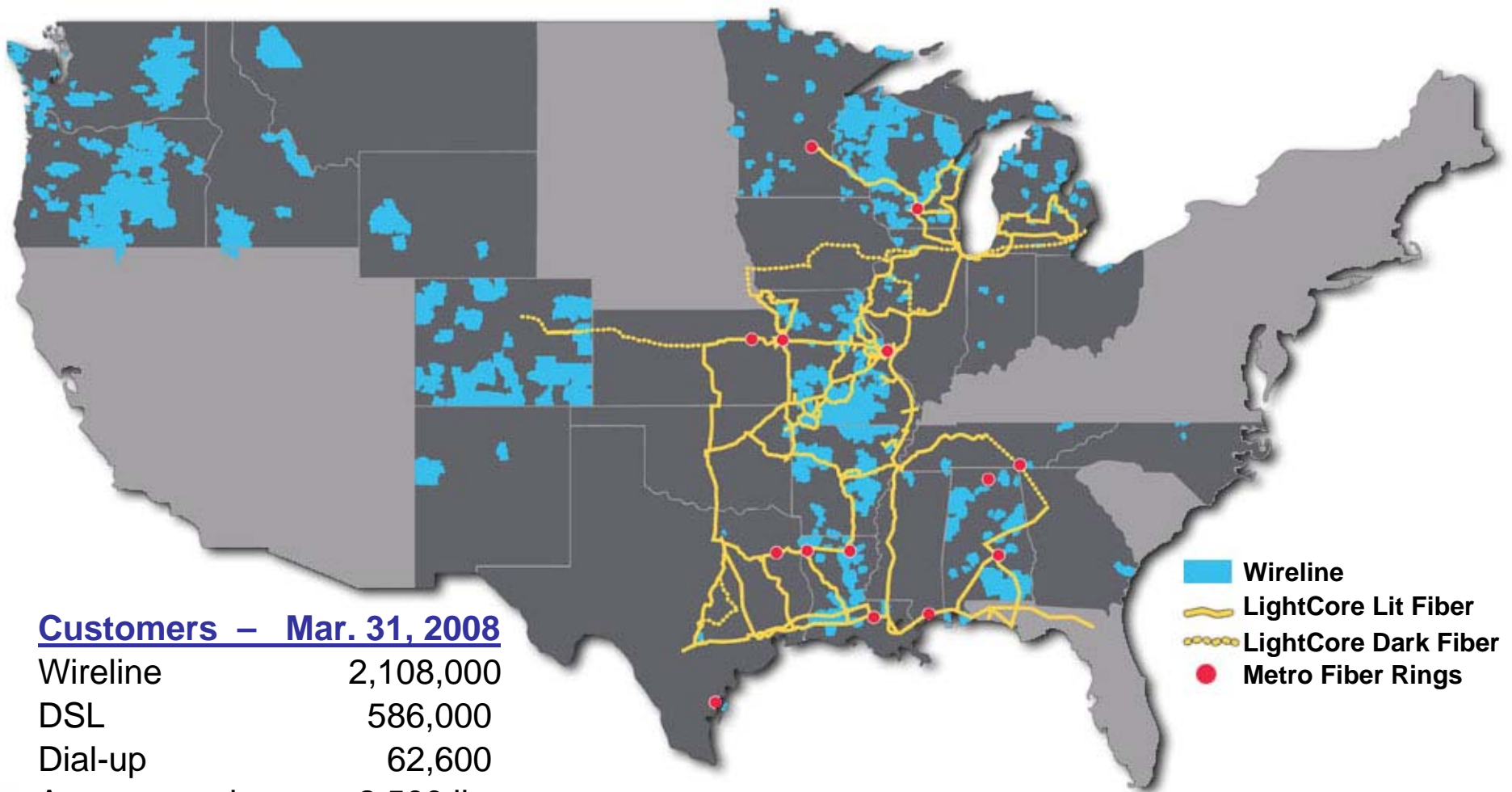
## Western Conference Presidents Panel



## The Telecom Sector

John F. Jones  
CenturyTel

# CenturyTel National Footprint

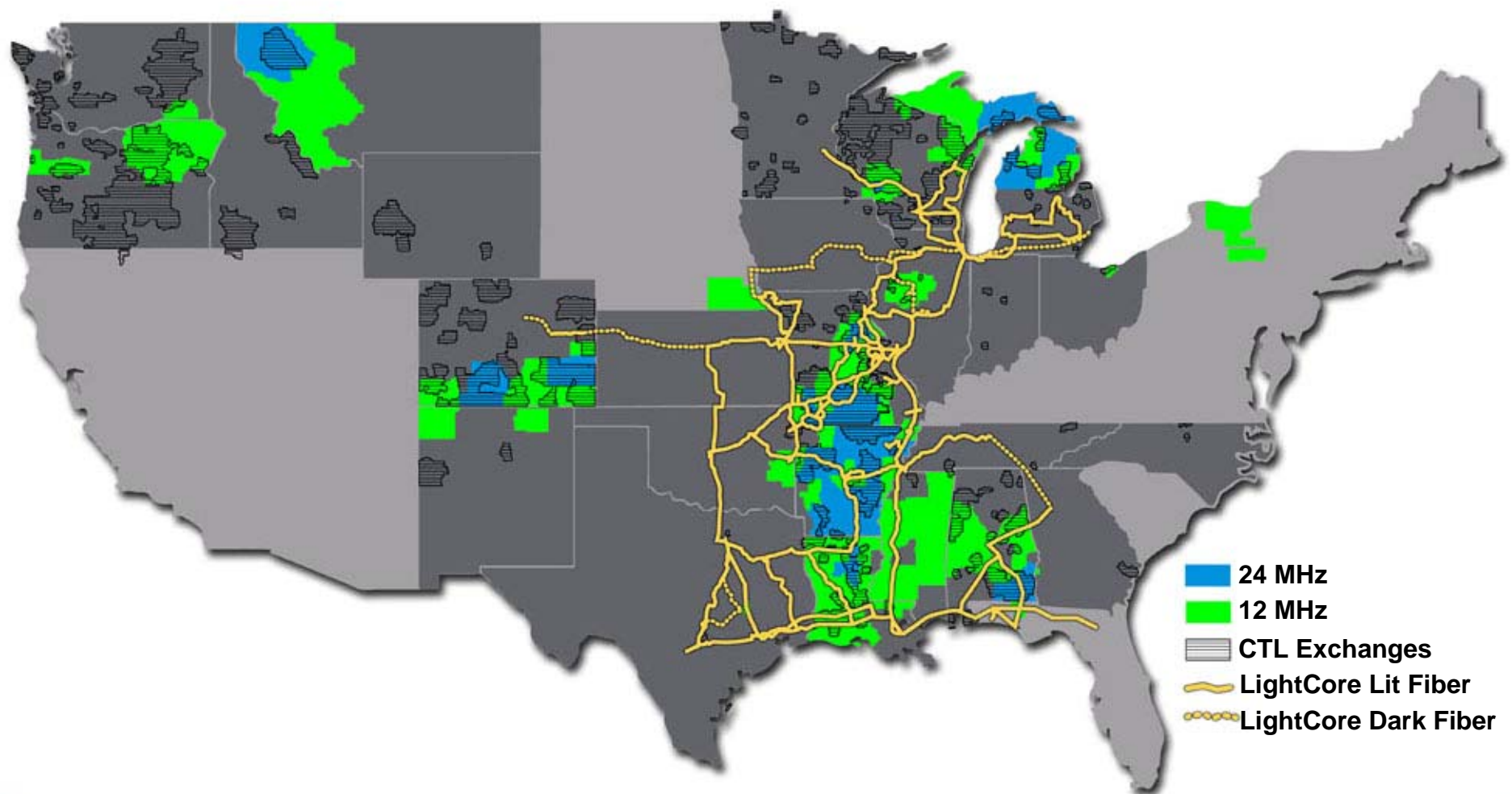


## Customers – Mar. 31, 2008

Wireline	2,108,000
DSL	586,000
Dial-up	62,600
Average exch	2,500 lines
Average density	16 /sq mile

- Wireline
- LightCore Lit Fiber
- LightCore Dark Fiber
- Metro Fiber Rings

# 700 MHz Footprint ILEC & Fiber Overlap



## Key Drivers of Change

- Technology
- Broadband
- Competition
- Regulation
- Consumer expectations
- Financial and business models
- Consolidation



## Changing Business Model

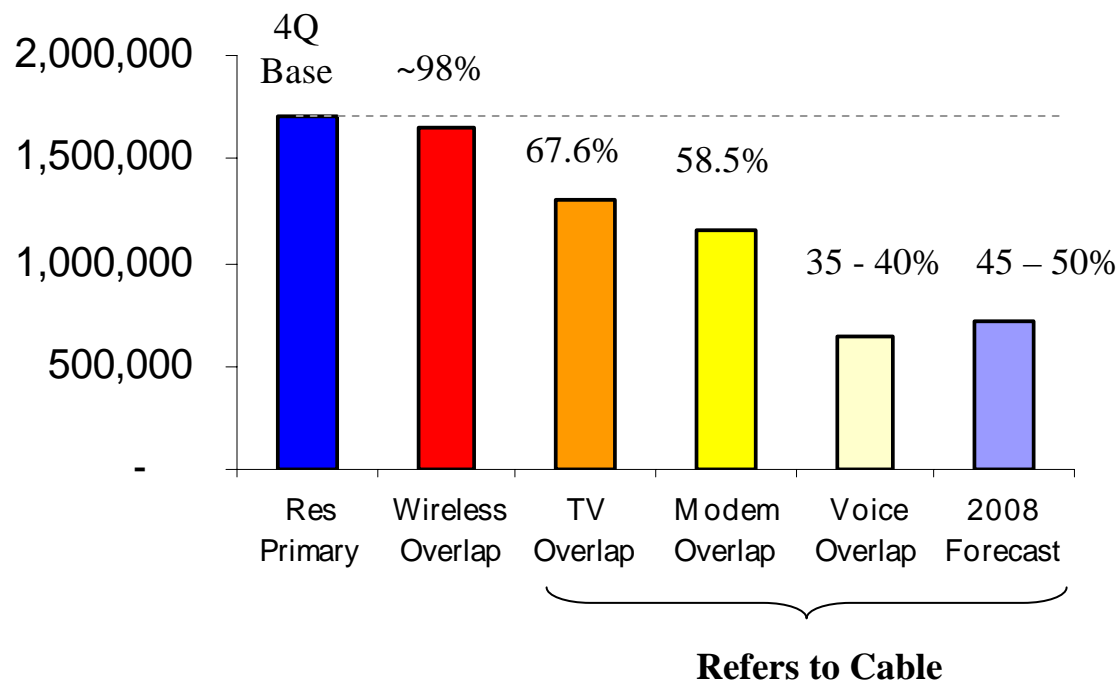
- Access line (voice) = decline or flattening
- Broadband = new core product = acceleration
- Video entry
- “Bundled” everything
- Ethernet
- Wireless options
- Consumer expectations



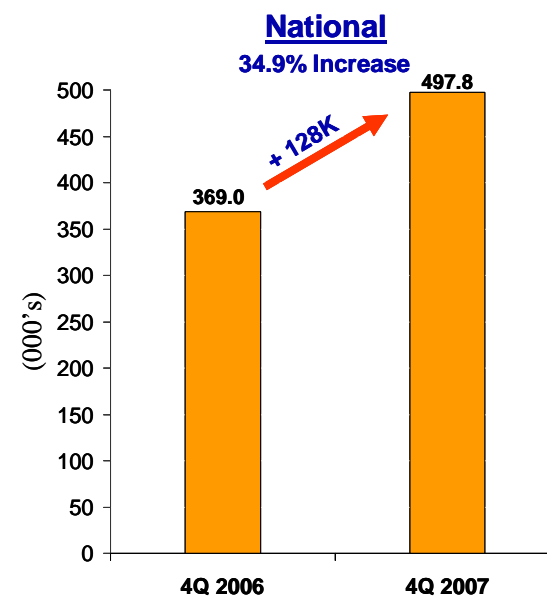
## Regulation and Competition: Reshaping the Landscape

- Rapidly evolving provider landscape
- Re-defining the meaning of “telecom company”
- Pivotal issues:
  - Regulation of new technologies (VoIP)
  - Regulation of incumbents
- State Carrier of Last Resort (COLR) obligations (going forward)

## Competitive Profile Nationally

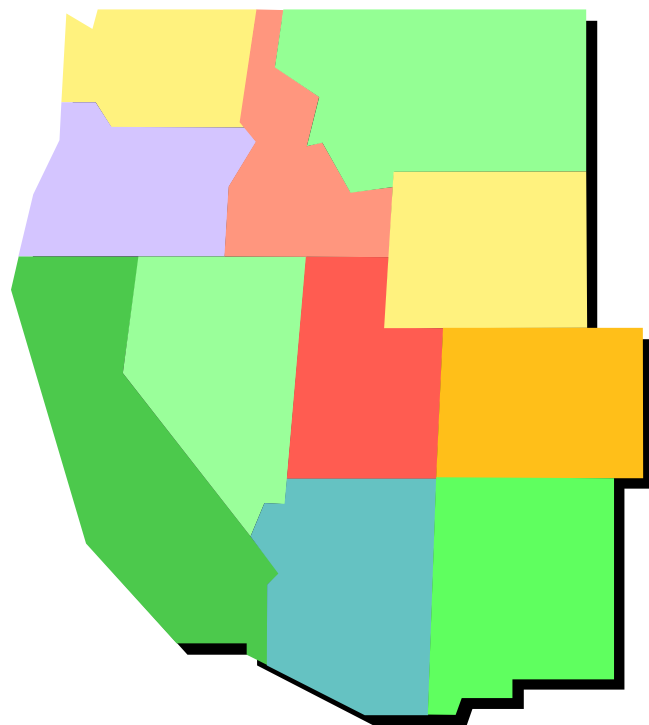


## Broadband Growth

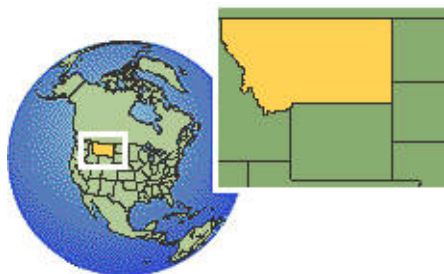




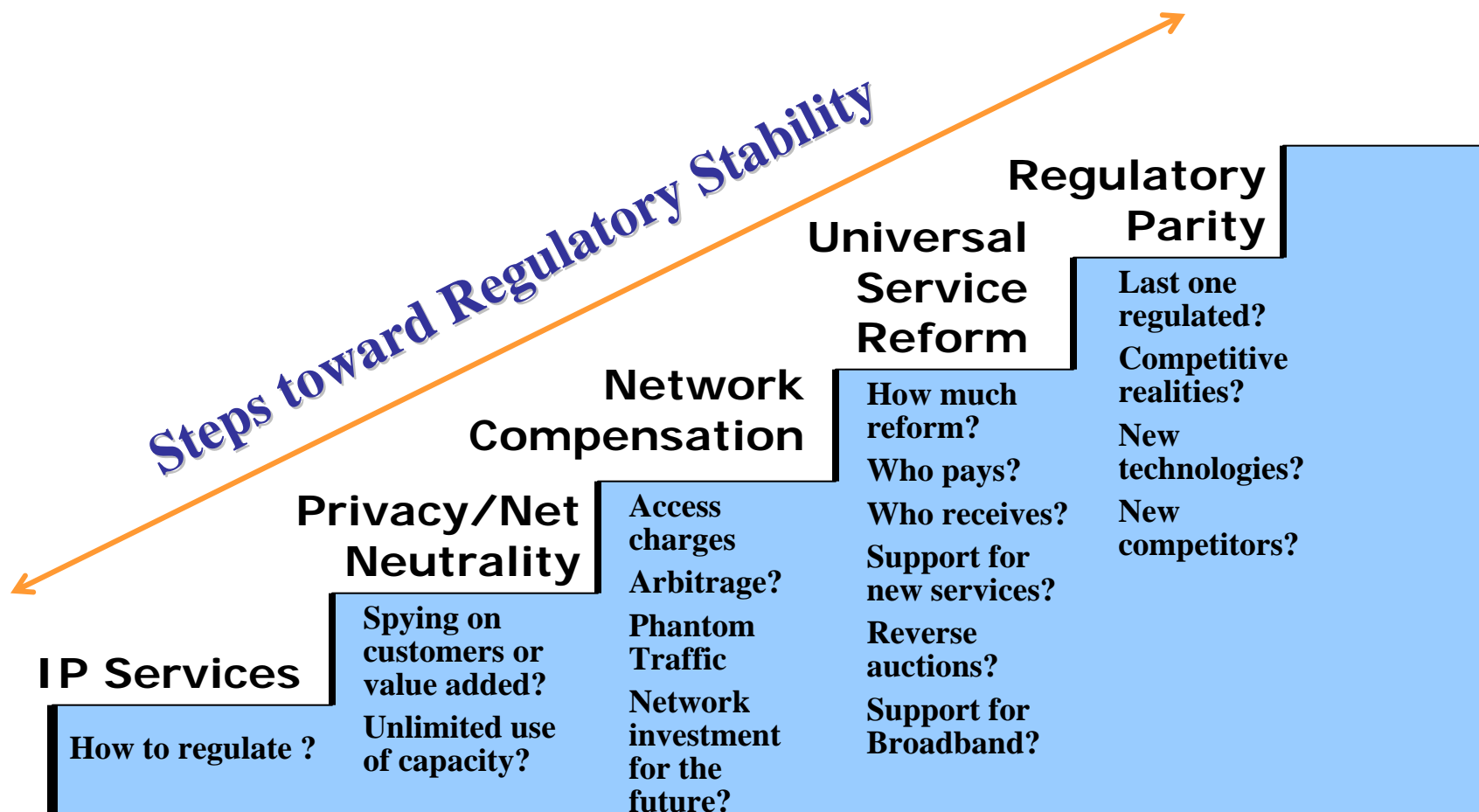
## State Issues to Watch



- Pressure on access rates
  - State Universal Service funds
- Interconnection issues / Arbitrage
- Consumer protection
- The last one regulated?
- Broadband deployment
- Pole attachments

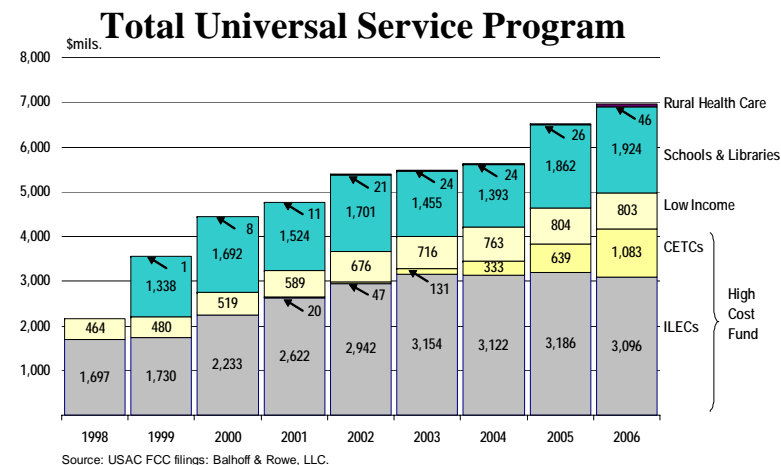






## Universal Service Reform and Broadband Issues

- Demand for Broadband driving most telecom reform discussions
- Focus on unserved rural areas
- “Speed” the next big challenge
- Congress and States pushing for near ubiquitous availability
- USF and intercarrier comp reform process
- Connect Kentucky / Other initiatives
- Reverse auctions
- Audits



## Privacy and Network Policies

- Significant consumer, Congressional and Online community focus
- Behavioral Advertising: an education effort
- Net Neutrality: A solution in search of a problem
  - Present rules work
  - Network management critical for entire Internet



## Shaping Policy for the Future...



**Hillary Clinton**

“My legislation would establish a single office, run by an administrator who could be held accountable for **making sure that we get broadband out into rural areas** to create a one-stop shopping clearing house. And I think we should create a Rural Broadband Advisory Panel because we need a National Rural Broadband Innovation Fund. You know there’s new technologies coming online. So we need continuing research and be creative about how we get this into the rural areas. So I think we ought to give some money to the National Science Foundation to tell us **how we can research delivering the best telecommunications system to rural and other remote areas.**”



**Barak Obama**

“My administration will establish a multi-year plan with a date certain to **change the Universal Service Fund program from one that supports voice communications to one that supports affordable broadband, with a specific focus on reaching previously unserved communities.** Finally, I will encourage innovation at the local level through federal support of public/private partnerships that deliver broadband to communities without real broadband.”



**John McCain**

“In 1934, Congress mandated that every American, regardless of where they lived, receive basic telephone service at approximately the same rate, and established the universal service fund to provide Americans with that service. **Unfortunately**, in a tale that is too familiar, **the program became a breeding ground for waste, corruption, and grossly inefficient spending. Government should...provide companies that are willing to build the information infrastructure to serve these areas incentives like tax reductions and more generous depreciation.**”

## A Framework for Reform

- Identify and define telecom needs and objectives for the future—stabilize funding mechanisms to meet objectives
- Focus on a new telecom model based on a “broadband era”
- Seek to reduce/eliminate out-of-date regulations
- Key Positioning Initiative: ILEC networks and services have value by meeting increasing consumer and carrier demands for capacity, reliability and speed
- Key Outcome: Regulatory stability

- Questions?